

NEWS RELEASE

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CONTACT: GLENN BRIERE
(617) 727-6200, EXT. 123

DeNUCCI SAYS INADEQUATE STATE OVERSIGHT HINDERS EARLY CHILDHOOD EDUCATION PROGRAM

State Auditor Joe DeNucci reported today that a \$93.4 million state early childhood education grant program has been plagued with administrative and accounting problems that raise doubts as to whether the program is being managed properly and effectively.

DeNucci's audit of the Community Partnerships for Children (CPC) program, under which the state Department of Education (DOE) awards grants and contracts to communities to serve eligible preschool children of working parents, found that DOE's regulation and monitoring of the program have left inadequate assurance that state funds are being spent on direct educational services as intended.

The CPC program was established as part of the Education Reform Act of 1993 and is administered by local CPC councils. State appropriations for the early child program have risen from \$22.6 million in fiscal year 1996 to more than \$93 million in fiscal year 2000.

However, DeNucci's audit found that DOE has not established adequate controls enabling the state to effectively implement, evaluate, monitor and report the activities at the local level, nor has the department established uniform statewide program guidelines on how the funds are to be spent.

As a result, DeNucci said, this lack of guidance from the state has created inconsistencies and inadequacies in the delivery of program services, as well as discrepancies between information reported to the state by the CPCs and their actual activities as detailed in their records. Some of the problems disclosed in the audit include:

- DOE was unable to determine how much of the \$93.4 million in annual expenses were being spent on direct program services because CPCs grouped together a wide variety of program costs, such as consultants, training and field trips, into one category.

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- Approximately \$1.1 million was spent on unrelated, excessive and unallowable supplies, equipment and services.
- More than \$288,700 in local expenses was inaccurately reported to the state. For example, some local councils reported to DOE that they had not purchased any furnishings or equipment, but site visits revealed that they had actually bought computers, office equipment and furniture.
- Two programs used public funds totaling more than \$563,000 for questionable capital expenditures. For example, one program spent almost \$324,000 to purchase three modular classrooms that were used at no charge by a private, non-profit day care provider.
- Improper billings by service providers resulted in the state improperly being charged a total of almost \$235,000.

DeNucci's audit examined a sample of 13 CPC councils across the state and found problems with \$10 million in expenditures. DeNucci said that because DOE relies on information reported by local councils in making its funding requests to the Legislature each year, it is critical that the department get a better handle on how the funds are being spent.

"If this important program is to operate effectively, the Department of Education must establish comprehensive, uniform regulations and guidelines," said DeNucci. "The department should also establish more effective monitoring procedures over local activities, so the Legislature can be assured that state funds are being used to help the children of working families."

